

Message Text

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ACTION SS-25

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TO SECSTATE WASHDC 4563
INFO AMEMBASSY BONN
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AMEMBASSY KINSHASA
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY PARIS
AMEMBASSY TEHRAN

C O N F I D E N T I A L SECTION 1 OF 2 RABAT 1001

EXDIS

DEPT PASS EXPORT-IMPORT BANK FOR CHAIRMAN JOHN MOORE

E.O. 11652: XGDS-1
TAGS: EFIN EMIN OVIP MO CG SP
SUBJECT: EXPORT-IMPORT BANK CHAIRMAN JOHN MOORE'S AUDIENCE
WITH KING HASSAN ON FEB 14, 1978: EX-IM BANK
PROJECTS; MOROCCAN-SPANISH RELATIONS; ZAIRE

1. IN A PLEASANT HALF-HOUR AUDIENCE ON FEB 14, THE EX-IM BANK'S ROLE IN MOROCCO, MOROCCAN-SPANISH RELATIONS, CONDITIONS IN ZAIRE AND THE GOM'S INTEREST IN PURCHASING A BOEING 737 WERE BRIEFLY DISCUSSED. LAST SUBJECT WILL BE REPORTED BY MEMCON AND HANDLED BY CHAIRMAN MOORE. THOSE PRESENT IN ADDITION TO THE KING AND CHAIRMAN MOORE WERE AMBASSADOR ANDERSON AND MATTHEWS SCHAFFER, SPECIAL ASSISTANT TO THE CHAIRMAN. HIGHLIGHTS OF CONVERSATION FOLLOW.

2. ROLE OF EXPORT-IMPORT BANK IN MOROCCO - THE KING ASKED
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FOR DETAILS OF THE CHAIRMAN'S PROGRAM OF HIS VISIT, EXPRESSED SATISFACTION FOR THE LONG AND FRUITFUL RELATIONSHIP WITH EX-IM AND HOPED ITS ACTIVITIES WOULD INCREASE IN MOROCCO. IN A BRIEF REVIEW OF EX-IM'S CURRENT BUSINESS IN MOROCCO, CHAIRMAN MOORE NOTED THAT A PRELIMINARY COMMITMENT HAD BEEN MADE TO THE PULLMAN COMPANY FOR THE PURCHASE OF RAILROAD CARS, THAT THE BANK HAD AUTHORIZED A GUARANTEE FOR ROYAL

AIR MAROC PURCHASE OF A BOEING 747, AND THAT EM-IM HAD RECENTLY ISSUED A LETTER OF INTEREST TO WYOMING MINERALS CORPORATION OF FLORIDA, A SUBSIDIARY OF WESTINGHOUSE, LOOKING TOWARD THE CONSTRUCTION IN MOROCCO OF A PLANT TO EXTRACT URANIUM FOR PHOSPHORIC ACID.

3. HASSAN SAID HE UNDERSTOOD THAT THE URANIUM EXTRACTION PROJECT WAS WELL UNDER WAY, AND THAT HOPEFULLY THE PLANT WOULD SOON BE BUILT IN SAFI IN COLLABORATION WITH THE OFFICE CHERIFIEN DES PHOSPHATES (OCP). THE AMBASSADOR SAID HE AND CHAIRMAN MOORE HAD LEARNED THE PREVIOUS DAY FROM OCP CHIEF KARIM-LAMRANI THAT TWO MOROCCAN ENGINEERS HAD JUST RETURNED FROM FLORIDA AS PART OF THE CONTINUING DIALOGUE BETWEEN OCP AND WYOMING MINERALS. HE ALSO INDICATED THAT ACCORDING TO WYOMING, EXCELLENT PROGRESS WAS BEING MADE IN PERFECTING THE TECHNOLOGY, AND THE COMPANY HOPED TO DEMONSTRATE CONCLUSIVELY BY THE END OF THE YEAR THAT ITS PROCESS WAS COMMERCIALY VIABLE. THE KING SAID HE WAS PLEASED TO HAVE THIS INFORMATION AS MOROCCO HAD TO MOVE AHEAD WITH URANIUM EXTRACTION TO MEET ITS FUTURE ENERGY REQUIREMENTS, AND REALLY HAD NO PLACE TO TURN, OTHER THAN TO WESTINGHOUSE. THE KING INDICATED, AS HE HAD DONE ON PREVIOUS OCCASIONS, THAT IRAN MIGHT VERY WELL BE INTERESTED IN INVESTING IN FUTURE URANIUM EXTRACTION PLANTS IN MOROCCO. THE SHAH, HE SAID, REALIZED THAT IRAN'S OIL WOULD BE DEPLETED IN ANOTHER 25 YEARS, THAT HIS COUNTRY MUST THINK ABOUT ITS FUTURE ENERGY SOURCES, AND CONFIDENTIAL

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THAT ASSISTING MOROCCO IN EXTRACTION OF URANIUM WOULD HELP MEET HIS COUNTRY'S LONG-TERM ENERGY NEEDS.

4. WHEN CHAIRMAN MOORE NOTED EX-IM'S PRELIMINARY COMMITMENT OF 120 MILLION DOLLARS TO THE SONASID STEEL PROJECT IN NADOR, HASSAN INDICATED THAT THE WORLD BANK, WHICH HAD ALWAYS BEEN RETICENT, HAD JUST GIVEN ITS GREEN LIGHT TO THE PROJECT. HE ALSO SAID THAT FINANCING WOULD NOT BE A MAJOR PROBLEM AS SAUDI ARABIA, KUWAIT, AND THE GULF STATES WERE PREPARED TO FINANCE A MAJOR PART OF THE PROJECT. THE KING ALSO MENTIONED THAT DURING HIS RECENT VISIT WITH KING JUAN CARLOS IN SPAIN, HE HAD FOUND CONSIDERABLE SPANISH INTEREST IN PARTICIPATING IN SONASID.

5. MOROCCAN-SPANISH RELATIONS - CITING A "SPECIAL REASON" FOR SPANISH INTEREST IN SONASID, KING HASSAN EXPLAINED THAT IT CONCERNED "A PIECE OF MY PROPERTY CALLED MELILLA". WHILE STRESSING THAT HE WAS NOT SPEAKING ABOUT ANY SPECIFIC TIME FRAME, HE SAID IT WAS OBVIOUS THAT MELILLA WOULD ONE DAY RETURN TO MOROCCO. BECAUSE OF THIS, HE DID NOT WANT TO RECEIVE A DYING PORT AND THEREFORE WOULD TAKE STEPS TO KEEP IT FULLY ACTIVE. IN THIS CONNECTION, HE SAID HE INTENDED TO

LIMIT THE ACTIVITY OF THE NEW NADOR PORT NOW NEARING
COMPLETION TO PLEASURE-BOAT AND OTHER TOURISTIC ACTIVITIES,
AND WOULD SEE THAT SONASID'S OUTPUT AND ALL AGRICULTURAL
PRODUCTS FROM THE REGION WOULD BE SHIPPED THROUGH MELILLA.

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6. THE KING CHARACTERIZED HIS JAN 27-30 TALKS IN SPAIN AS
VERY PRODUCTIVE. "ALL THE FALSE PROBLEMS" HAD BEEN COVERED
AND WERE FOUND TO BE FALSE. CEUTA AND MELILLA HAD NOT BEEN
DISCUSSED, ALTHOUGH SPANISH PRIMIN SUAREZ HAD ATTEMPTED TO
DO SO ON TWO OCCASIONS. EVEN WHEN SUAREZ SAID THE KING
WOULD PROBABLY BE SURPRISED BY THE PROPOSALS SPAIN WAS READY
TO MAKE, HASSAN NOTED HE HAD REFUSED TO DISCUSS THE SUBJECT.
RETURNING TO SUAREZ, HASSAN SAID HE FOUND HIM AN EXTREMELY
INTELLIGENT, TRULY REMARKABLE MAN. HE FELT THAT JUAN CARLOS
WAS NOT USING SUAREZ TO THE FULLEST, AND COMMENTED THAT HE,
AT ONE POINT, HAD LAUGHINGLY SUGGESTED TO THE SPANISH
KING THAT SUAREZ'S POTENTIAL WOULD BE ALL THE MORE ENHANCED
BY WORKING WITH SOMEONE WITH 17 YEARS OF EXPERIENCE, AND
THAT HE, HASSAN, COULD CERTAINLY USE HIM IN MOROCCO. THE
KING ENDED HIS COMMENTS ON SPAIN BY NOTING THAT PRIMIN SUAREZ
WOULD BE PAYING AN OFFICIAL VISIT TO MOROCCO NEXT MONTH.

7. CONDITIONS IN ZAIRE - IN REPLY TO CHAIRMAN MOORE'S
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REQUEST FOR AN ASSESSMENT, HASSAN REFERRED TO HIS FEB 8-9 DISCUSSIONS WITH PRESIDENT MOBUTU IN RABAT. HE INDICATED THAT A FINANCIAL POOL TO HELP ZAIRE GET BACK ON ITS FEET WAS BEING FORMED BY FRANCE, BELGIUM, WEST GERMANY, GREAT BRITAIN AND ITALY WITH THE BULK OF THE FUNDS COMING FROM THE FRG. THESE COUNTRIES, HE SAID, WOULD ALSO HELP REORGANIZE GOVERNMENT ADMINISTRATION AND TRAIN ZAIRIANS TO TAKE CHARGE OF THEIR OWN AFFAIRS. FRANCE WOULD BE SPECIFICALLY CONCERNED WITH FINANCIAL ADMINISTRATION, BELGIUM WITH THE CUSTOMS AND GERMANY WITH GENERAL GOVERNMENT ADMINISTRATION. MOBUTU HIMSELF PREFERRED TO HAVE THE FUNDS FROM THE FINANCIAL POOL CONTROLLED BY THE DONORS, WHO IN TURN WOULD BE TEACHING ZAIRIAN OFFICIALS TO USE GOVERNMENT FUNDS EFFECTIVELY.

8. SHAKING HIS HEAD ABOUT THE STATUS OF ZAIRE, WHICH HE BELIEVED COULD BE ONE OF THE RICHEST COUNTRIES IN AFRICA, THE KING SAID THAT THE EXPLOITATION OF THE MINERAL WEALTH WAS A DISASTER AS THE PRODUCTS COMING OUT OF THE EARTH SIMPLY "DISAPPEARED" INSTEAD OF BEING CHANNELED THROUGH THE STATE. REGARDING AGRICULTURE, HE NOTED THERE WERE VAST LANDS THAT COULD BE AMONG THE MOST PRODUCTIVE IN THE WORLD AND WERE NOT IN PRODUCTION. HE HAD OFFERED, AND MOBUTU HAD ACCEPTED, MOROCCAN ASSISTANCE IN DEVELOPING A LARGE AGRICULTURAL AREA BY PROVIDING MOROCCAN TECHNICIANS. IN ENDING HIS COMMENTS ON ZAIRE, THE KING SAID THAT ON BALANCE HE BELIEVED THAT CONDITIONS WERE AT LAST IMPROVING IN ZAIRE, AND RECOMMENDED THAT CHAIRMAN MOORE VISIT THE COUNTRY FOR A FIRST-HAND LOOK IF EX-IM WERE PLANNING ANY NEW INVOLVEMENT IN THE COUNTRY.

9. CHAIRMAN MOORE HAS REVIEWED AND APPROVED THIS TELEGRAM
ANDERSON

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